



The SPAR Group Limited

(Incorporated in the Republic of South Africa)

Registration number: 1967/001572/06

Share Code: SPP

ISIN: ZAE000058517

("SPAR" or the "Group")

TRADING UPDATE FOR THE 20 WEEKS TO 16 FEBRUARY 2024

The Group delivered a resilient trading performance with turnover increasing by 9.3% for the 20 weeks ended 16 February 2024 (the "**period**").

The Group's diversified strategy has ensured delivery of a strong top line, aided by the strength of foreign currency against the Rand. This trading performance should be viewed against the backdrop of tough trading conditions in all markets, as consumers continue to seek greater value, in light of ongoing inflationary and other cost-of-living pressures.

SPAR Southern Africa

- Total wholesale sales growth of 5.6%, notably impacted by a weaker than expected grocery business performance
- Combined core grocery and liquor turnover growth of 6.1%, against internally measured price inflation of 7.5%
 - SPAR grocery wholesale business increased sales by 5.1%; performance was negatively impacted by the system-related business disruption experienced in the KwaZulu-Natal (KZN) region
 - In line with SPAR's strategy to offer better value for our independent retailers and SPAR shoppers, SPAR's private label business performed strongly
 - SPAR's on demand shopping platform, SPAR2U is now available at 403 sites for groceries and liquor (201 sites as of January 2023); online food and liquor sales increased by 450% against the prior comparative period
 - TOPS at SPAR liquor has recovered strongly with sales increasing by 12.7%
- Despite a sustained downturn in both building materials retail and construction activity, Build it delivered pleasing sales growth of 0.5%
- The pharmaceutical business delivered strong turnover growth of 11.6%, with both Pharmacy at SPAR and Scriptwise trading robustly during the period

BWG Group (Ireland and South West England)

- A solid trading performance in both regions with turnover increasing by 7.1% in EUR terms and 19.1% in ZAR terms

SPAR Switzerland

- Reported a decline in turnover of 5.7% in CHF terms, but an increase of 9.2% in ZAR terms, as consumer preference shifts towards supermarkets, discounters or neighbouring-country retailers offering cheaper prices

SPAR Poland

- Turnover decreased by 2.9% in PLN terms, but increased by 16.1% in ZAR terms, impacted by a decline in retailer loyalty following the Group's announcement to sell its interests in SPAR Poland

ZAR turnover growth %

	20 weeks ended 16 February 2024 (% change)
Wholesale grocery business	5.1
TOPS/Liquor sales	12.7
Combined grocery and liquor	6.1
Build it	0.5
S Buys – pharmaceutical business	11.6
Southern Africa	5.6
BWG Group (Ireland and South West England)	19.1
Switzerland	9.2
Poland	16.1
Group	9.3

SAP IMPLEMENTATION UPDATE

In February 2023, the new system went live at the distribution centre in KZN. The disruption to this region and impact on profitability over the past 12 months has been extensive.

Fundamentally, while the system is functioning as designed, the business' ability to predict demand and manage availability is not yet optimal. The sub-optimal use of the system is impacting margin and exaggerating costs for this region.

The Group has performed a thorough reassessment of the SAP project over the past six months which involved stabilising the KZN implementation, reassessing the warehouse management system and whether it is fit for purpose and reviewing how the system can continue to be rolled out at a significantly reduced risk level. This will include separating the ERP from the warehouse system and implementing them independently.

SPAR POLAND UPDATE

Significant progress has been made to dispose of the Group's interests in SPAR Poland. Management's ambition is to negotiate the best possible outcome for all stakeholders. Negotiations are still in early stages and more information will be provided as the process progresses.

BANKING FACILITIES

The Group is considering various debt structuring options. An optimised debt structure is largely dependent on the outcome of the disposal of the Group's interests in SPAR Poland. All financiers continue to remain supportive, and the Group does not intend to raise any capital from shareholders.

INTERIM RESULTS

The financial results for the six months ending 31 March 2024 will be published on SENS on or about Wednesday, 5 June 2024.

SPAR shareholders are advised that the financial information contained in this announcement is the responsibility of the directors and has not been audited, reviewed or reported on by the Group's auditors.

By order of the Board

Pinetown
21 February 2024

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Corporate Broker
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